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SUBJECT: LAOS INSTITUTES "SLOWDOWN" FOR NEW MINING APPROVALS

¶1. In a press conference Friday February 16 the vice-president of the Committee for Planning and Investment (CPI), Mr. Bounthavy Sisouphantong, announced a "slowdown" in the approval of new mining concessions. He also indicated the Government of Laos (GOL) would be developing new technical guidelines for the mining sector, and work to improve monitoring of mining projects already implemented. He emphasized the government remains committed to foreign investment, and that the slowdown was not indicating a desire for less investment, but in response to the reality that the GOL does not have the human resources to deal with the crush of mining agreements already signed and those that continue to be submitted for approval. He specifically noted the need for the GOL to examine the environmental and social impacts of mining concessions, indicated a need for greater central government control of the sector, and acknowledged the importance of mining to the Lao economy.

¶2. Mr. Sisouphantong, flanked by CPI and Mining staff, was at pains to clarify that existing signed contracts would not be affected by the slowdown. In response to questions from members of the mining community, he also clarified there was no moratorium on new concessions, as rumored in Vientiane over the past week, but that applications would be reviewed in much more detail and potential investors would have to wait while CPI and the GOL develop new technical regulations to monitor mining concessions. A World Bank employee noted the slowdown was something the World Bank had long suggested.

Due to a lack of trained geologists, and skilled labor in general, those responsible for reviewing mining concessions were being overwhelmed and were not able to properly consider the environmental and social impact of the slew of new mines.

Oxiana, a major investor in the Lao mining sector, offered assistance to the government as it develops its new guidelines.

¶3. Comment: Taken at face value, the slowdown makes a certain amount of sense. The GOL does not have many qualified people capable of doing the necessary due diligence on the numerous mining projects already approved, let alone new proposals. Many concessions have been granted to Chinese firms not known for their environmental or social concern. (Note: We know of no U.S. mining firms operating in Laos. The Australians, Chinese, and Vietnamese are the major players. End note.) While Laos should exploit its mineral wealth to assist in its development, doing so in a manner that takes the environment into concern is something the local donor community, and Post, have long advocated. Although the mining community was clearly not excited by the change, it might actually be in the best interests of the people of Laos.

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